

Message Text

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SUBJ: AUSTRIAN-CZECH RELATIONS IN WAKE OF BILATERAL
CLAIMS AGREEMENT

REF : PRAGUE 3090

SUMMARY: DECISION TO SIGN LONG PENDING AUSTRIAN-CZECH CLAIMS AGREEMENT PROMPTED BY STRONG DESIRE ON AUSTRIAN SIDE TO AVOID CONTINUING MALAISE WITH CZECHS IN VIEW OF WORSENING AUSTRIAN RELATIONS WITH YUGOSLAVIA, ANOTHER COMMUNIST NEIGHBOR, AND ON CZECH SIDE TO PRECLUDE POSSIBLE REPETITION IN AUSTRIA OF BLOCKING ACTION BY PARLIAMENT SIMILAR TO THAT OF US CONGRESS IN US-CZECH CLAIMS AGREEMENT. SAME MFA AND CZECH EMBASSY SOURCES ARE HOPEFUL THAT RELATIONS WILL NOW MOVE TOWARD "NORMALIZATION" AND HAVE DEVELOPED PROPOSALS AS TO HOW THIS MAY BE ACCOMPLISHED.
END SUMMARY

1. AUSTRIAN MFA AND CZECH EMBASSY SOURCES HERE HAVE PROVIDED US WITH BACKGROUND INFORMATION ON PURPORTED MOTIVES BEHIND RATHER QUICK DECISION TO SIGN LONG STANDING CLAIMS AGREEMENT FEW DAYS BEFORE CHRISTMAS AND RESPECTIVE POSITIONS OF TWO GOVERNMENTS ON NEXT STEPS IN DEVELOPMENT OF BILATERAL RELATIONS.

2. ON FIRST POINT, BOTH PARTIES SAID DECISION SHOULD BE VIEWED
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IN CONTEXT OF OBVIOUS DESIRE TO IMPROVE BILATERAL RELATIONS AND

TO MAKE CONTRIBUTION TO DETENTE IN SPIRIT OF CSCE TALKS. AFTER RELATIONS WENT INTO HIATUS FOLLOWING PRAGUE SPRING. IN ADDITION, AUSTRIANS TOLD US THAT THEY WERE ANXIOUS TO COUNTER SITUATION IN WHICH THEIR RELATIONS WITH SEVERAL NEARBY COMMUNIST COUNTRIES WERE ON DOWNTURN OR IN BAD STATE. AUSTRIA'S RELATIONS WITH YUGOSLAVIA HAVE BEEN SOURING FOR SOME TIME IN WAKE OF SLOVENE MINORITY CONTROVERSY AND GOA SUDDENLY FOUND ITSELF IN LATE OCTOBER WITH DISTURBING ALLEGED ESPIONAGE CASE OF AUSTRIAN ENGINEER IN ROMANIA. CZECH EMBASSY SOURCE, IN TURN, CITED "UNEXPECTED AND DISAPPOINTING TREATMENT" AT HANDS OF US CONGRESS ON US-CZECH SETTLEMENT AS MAJOR CONSIDERATION FOR CZECHS IN THEIR DESIRE TO ACT QUICKLY ON AGREEMENT ALONG WITH CZECH CONCERN THAT GIVEN PRESENCE IN AUSTRIA OF SEVERAL HUNDRED THOUSAND AUSTRIAN CITIZENS FROM FORMER SUDETEN-GERMAN AREA, SIMILAR DEVELOPMENT MIGHT OCCUR IN AUSTRIAN PARLIAMENT.

3. IN WAKE OF SETTLEMENT, AUSTRIANS SEEM BIT MORE DESIROUS THAN CZECH EMBASSY TO TAKE ADVANTAGE OF "NEW SPIRIT" TO GET ON WITH "NORMALIZATION OF RELATIONS," PRESUMABLY BECAUSE FURTHER MOVEMENT ON RELATIONS WILL REQUIRE OBVIOUS ACCOMMODATIONS FROM CZECH SIDE. AS FIRST STEP, DIPLOMATIC REPRESENTATION HAS BEEN RAISED TO EMBASSY LEVEL; MINISTER KOMAREK, CURRENTLY IN PRAGUE ON CONSULTATION, IS EXPECTED TO RETURN TO VIENNA SHORTLY AS AMBASSADOR AND AUSTRIAN MFA IS PRESSING ITS AMBASSADOR-DESIGNATE (HANS PASCH IN TUNISIA) TO GET TO PRAGUE ASAP.

4. AUSTRIANS PLAN TO PROPOSE EARLY CREATION OF MIXED COMMISSION TO DEAL WITH WHOLE SPECTRUM OF BILATERAL RELATIONS (POLITICAL, ECONOMIC, CULTURAL, TOURISM, ETC.), AN ARRANGEMENT WHICH THEY FEEL HAS WORKED WELL IN THEIR RELATIONS WITH OTHER COMMUNIST COUNTRIES. BOTH SIDES ANTICIPATE SLOW, MODEST INCREASE IN TRADE, AT LEAST INITIALLY, SINCE ECONOMIES ARE MORE COMPETITIVE THAN COMPLIMENTARY.

5. AUSTRIAN PRESS HAS SPECULATED ON REOPENING OF NUMBER OF FORMER BORDER CROSSING POINTS. MFA HOWEVER DOES NOT FEEL ISSUE IS IMPORTANT ONE AT THIS JUNCTURE WHILE CZECH EMBASSY IS OF VIEW THAT EXISTING MAGNITUDE OF BORDER CROSSINGS (200,000 AUSTRIANS, 35,000 CZECHS AND SLOVAKS IN 1974) DOES NOT JUSTIFY CONSIDERATION OF ISSUE.

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6. CZECHS SEEM FOR OBVIOUS REASONS MORE INTERESTED IN INCREASING LEVEL OF EXCHANGES OF OFFICIAL VISITORS AND AS STARTER HAVE ARRANGED FOR EIGHT-MEMBER SENIOR CZECHOSLOVAK PARLIAMENTARY DELEGATION TO IPU CONFERENCE IN BELGRADE BEGINNING EARLY FEB TO STOP IN VIENNA NO RETURN TRIP TO PRAGUE. AUSTRIAN FONMIN MAY VISIT PRAGUE IN APRIL AND POSSIBLY EVEN SOONER, ACCORDING TO MFA SOURCE.:

7. CLAIMS SETTLEMENT OF 1.2 BILLION SCHILLINGS, SUMMARIZED IN PARAS 2 AND 3 REFTEL, RESOLVES QUESTION OF SMALL AND MODERATE SIZE CLAIMS. CLAIMS EXCEEDING CALCULATED RESTITUTION VALUE OF 50,000 SCHILLINGS HAVE HOWEVER BEEN EXCLUDED FROM CONSIDERATION IN AGREEMENT AND GOA HAS AGREED NOT TO PURSUE THESE CLAIMS FURTHER VIS-A-VIS PRAGUE. THIS DECISION HAS GENERATED SOME ADVERSE AUSTRIAN PRESS COMMENTARY BUT IT IS NOT EXPECTED TO HOLD UP RATIFICATION OF AGREEMENT IN AUSTRIAN PARLIAMENT WHERE ITS SUPPORT BY TWO MAJOR POLITICAL PARTIES IS ASSURED.

8. COMMENT: GOA, AFTER SO MANY EARLIER ABOTIVE ATTEMPTS, IS VERY HAPPY OVER RECENT CONCLUSION OF LONG PENDING CLAIMS AGREEMENT AND FEELS THAT PRICE PAID WAS NOT EXCESSIVE RE AUSTRIAN LONG TERM POLIITICAL INTERSTS. ACCORDINLGY, AUSTRIANS ARE AT MOMENT OPTIMISTIC THAT "SPIRITY OF COMPROMISE" IN WHICH AGREEMENT CONCLUDED WILL ALSO PERMIT FARILY RAPID "NORMALIZATION" OF ENTIRE SPECTRUM OF BILATERAL RELATIONS. HUMES

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